

## Message Text

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53

ACTION SS-25

INFO OCT-01 ADP-00 /026 W

----- 092886

R 031137 Z APR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 0757

SECDEF

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

CINCPAC

CJCS

COMUSSAG

C O N F I D E N T I A L PHNOM PENH 3110

EXDIS

E. O. 11652: GDS

TAGS: MCAP, CB

SUBJECT: FANK PERFORMANCE

REF: STATE 060304/022058 Z APRIL 73 ( NOTAL)

1. ALTHOUGH WE HAVE HAD A GREATER CLUSTER OF INCIDENTS OF FANK GENERAL RESERVE UNITS REFUSING BATTLE OR BREAKING UNDER FIRE SINCE JANUARY, AS YOU ARE WELL AWARE, THIS IS BY NO MEANS A NEW PHENOMENON IN FANK. INDIFFERENT LEADERSHIP, PAYROLL PADDING, PAYROLL IRREGULARITIES AND VARIOUS SUPPLY PROBLEMS ALL PLAY A ROLE AS UNDERLYING FACTORS ACCOUNTING FOR SUCH INCIDENTS.

2. WE THINK THERE ARE SEVERAL FACTORS THAT ACCOUNT FOR THE APPARENT INCREASE ( OR AT LEAST BUNCHING) OF SUCH INCIDENTS8

( A) A GROWING REALIZATION THAT THE ENEMY IS MAINLY KHMER, NOT VIETNAMESE, COMBINED WITH THE RELUCTANCE TO FIGHT OTHER KHMER;  
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(B) DECAY OF RESPECT FOR LON NOL, AS HE HAS BECOME MORE REMOTE FROM THE AVERAGE SOLDIER AND AS HIS REGIME HAS APPEARED LESS REPRESENTATIVE OF THE CONCERNS OF ORDINARY KHMER;  
(C) WAR WEARINESS OF THE JQMY WHOSE HOPES TO GO HOME SOARED WITH THDGGKR'S DECLARATION OF UNILATERAL CESSATION OF OFFENSIVE OPERATIONS;  
(D) THE PSYCHOLOGICAL IMPACT OF WHAT APPEARS TO BE A GREATLY INCREASED WEIGHT OF ENEMY INDIRECT FIRE ON FANK POSITIONS;  
(E) THE RAPID AND SUBSTANTIAL INCREASE IN US STRATEGIC AND TACTICAL AIR OPERATIONS IN CAMBODIA ALTHOUGH ESENTIAL MAY HAVE GIVEN SOME UNITS IN THE FIELD A CRUTCH THAT THEY NOW FEEL THEY CANNOT DO WITH AND THAT MAJOR CHANGES IN MANAGEMENT PRACTICES AND POSSIBLY CONTRACT CAN BE EXPECTED THEREAFTER.

2. SOURCE STATES THAT DIFFICULTIES WITH PANAMANIAN LABORERS ARE ONLY ONE OF ENERGOPROJEKT'S PROBLEMS. NONTHELESS, IT IS THE MOST NOTORIOUS, HAVING RECEIVED A GREAT DEAL OF LOCAL PUBLICITY. THERE HAS REPORTEDLY BEEN SOME LABOR- MANAGEMENT FRICTION IN PART STIMULATED BY ANTI- FOREIGN FEELINGS BY WORKERS, BUT MOST IMPORTANT HAS BEEN YUGOSLAVIAN REFUSAL TO FOLLOW PANAMANIAN PERCENTAGE REQUIREMENTS FOR HIRING PANAMANIAN CITIZENS. IN AUGUST OF LAST YEAR GOVT. REFUSED TO GIVE WORK PERMITS TO YUGOSLAV HEAVEY EQUIPMENT DRIVERS BECAUSE OF LABOR MINISTRY CLAIM THAT PANAMANIANIS COULD BE TRAINED FOR JOBS. YUGOSLAVIAN GOVT. SUBSEQUENTLY SENT HIGH LEVEL DELEGATIONS TO PANAMANIAN PRESIDENTIAL INAUGURATION IN OCTOBER AND WE UNDERSTAND AS A RESULT OF TALKS THEN HEAVY EQUIPMENT AT DAM SITE IS NOW HANDLED EXCLUSIVELY BY EXPERIENCED YUGOSLAVS. WE UNDERSTAND YUGOSLAVS AT ALL PROFESSIONAL LEVELS RECEIVING VERY LOW WAGES BY LOCAL STANDARDS.

3. FINALLY, ALTHOUGH MORE IN REALM OF SPECULATION, EMBASSY NOTES THAT ENERGOPROJEKT'S ORIGINAL BID ON BAYANO PROJECT WAS CONSIDERED AT THE TIME QUITE LOW. COMPANY ALSO WON RECENT BID FOR INITIAL LAND GRADING FOR NEW INTERNATIONAL AIRPORT, ANOTHER WORLD BANK FINANCED OPERATION, WITH BID THAT WAS LITTLE MORE THAN ONE- HALF LOWEST COMPETITORS. IT IS CONCEIVABLE THAT ON BOTH CONTRACTS YUGOSLAVS HAVE BENN COUNTING ON PANAMANIAN AGREEMENT TO LATER UPWARD REVISIONS IN PRICE.  
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\*\*\* Current Handling Restrictions \*\*\* EXDIS

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**TAGS:** MCAP, CB  
**To:** BANGKOK  
CINCPAC  
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SS

VIENTIANE

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